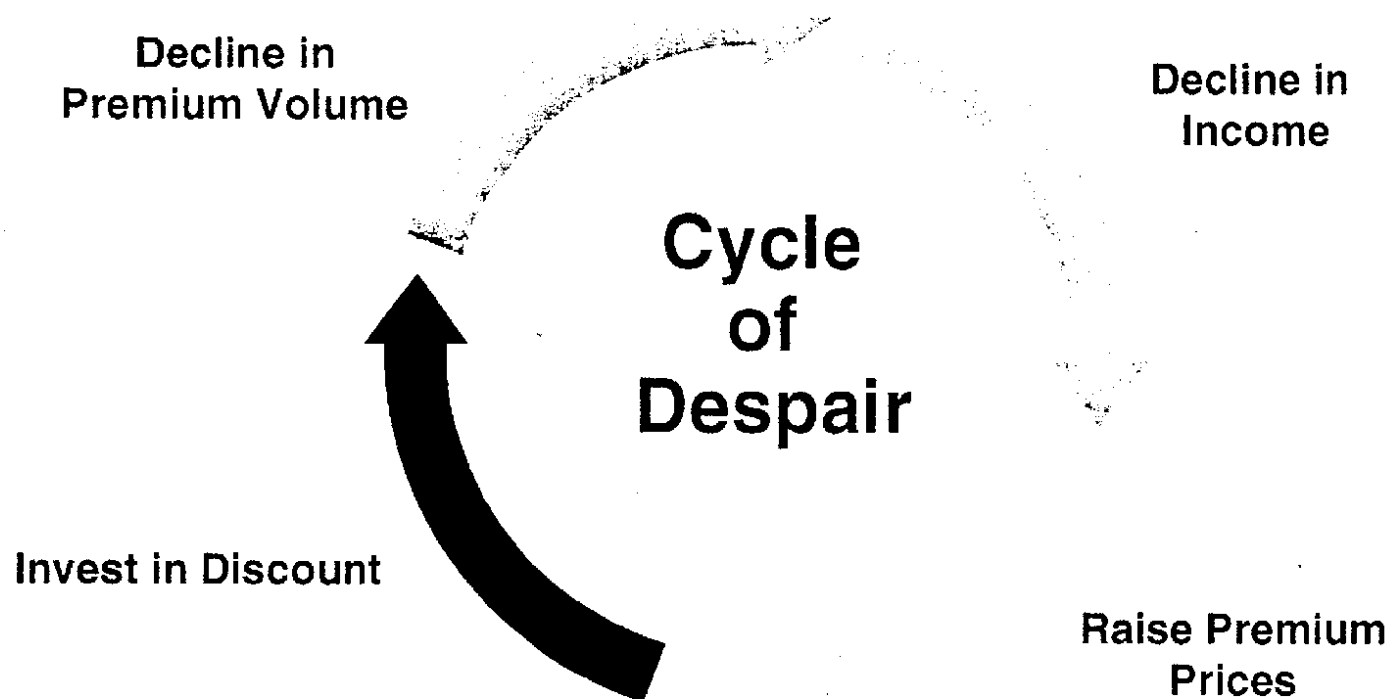
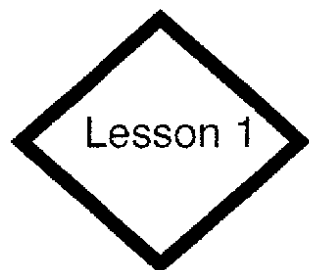


**PM USA**



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## Price and Price Gap

- In Line with Consumers' Willingness to Pay
- Manage Our Price Gap
- Allows Marlboro to Grow Share

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## Trademark Equity

Premium Consumers Willing To Pay For  
Brand They Think Is Better

Benefits Consumers Attribute To A  
Brand That Makes Them Loyal

Measure of Brand's Worth

translates to profits

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## Leaders Must Lead

- Set the Course
- Quick to Assess and Respond
- Organizational Speed
- Actions Integrated/Strategically Aligned
- Competitive Advantage/Superior Execution

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## Just Do It!

Characterized by Creativity, Analysis and  
Decisiveness

Triggers/Benchmarks in Place

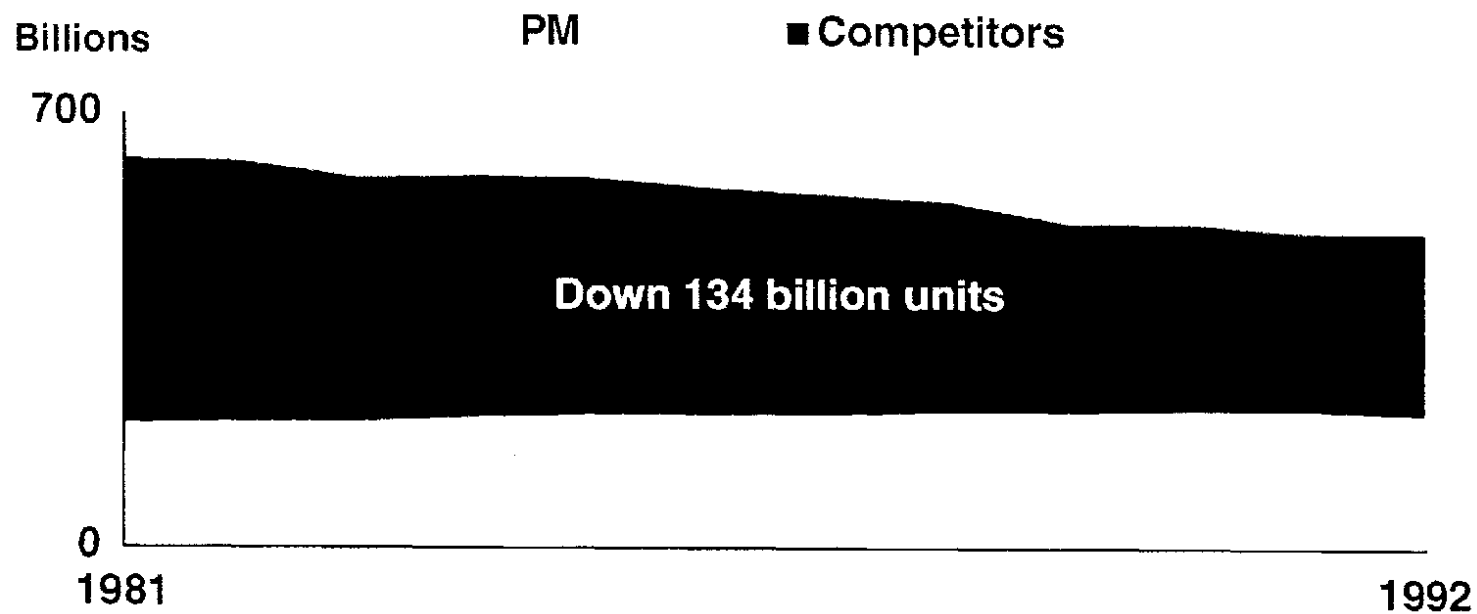
Pre-planned Specific Courses of Action

Commit Entire Organization

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## Industry Volume



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## Industry Profitability

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
RJR	\$2,112	\$1,200	\$1,450	\$1,450
B&W	\$650	\$257	\$475	\$850
American	\$536	\$169	\$248	—
Lorillard	\$884	\$593	\$584	\$620
Liggett	\$53	\$6	\$35	\$30

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## Lessons Learned

Price/Price Gap

Trademarks are  
Key

Leaders  
Lead

JUST DO IT!

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## Results of April's Strategy

	March <u>1993</u>	Sept. <u>1995</u>	<u>Diff.</u>
PM-USA	41.6	47.1	+5.5
Share of Premium	50.0	55.6	+5.6
Share of Discount	27.9	26.0	-1.9
Marlboro	22.0	30.6	+8.6

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